

DEPARTMENT OF STATE REVENUE

Information Bulletin #52
Sales Tax
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DISCLAIMER: Information bulletins are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules, and court decisions. Any information that is not consistent with the law, regulations, or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

SUBJECT: Wholesalers

REFERENCES: [IC 6-2.5-4-1](#); [IC 6-2.5-4-2](#); [IC 6-2.5-8-1](#); [45 IAC 2.2-4-1](#); [45 IAC 2.2-4-4](#)

DIGEST: Apart from technical, nonsubstantive changes, this version of the bulletin has been changed from the previous version to clarify that Registered Retail Merchant Certificates (RRMCs) are not permanent; may be revoked due to failure to file returns and/or remit payments for sales, use, or withholding taxes; and are subject to a renewal process every two years.

I. DEFINITION

In general, persons engaged in making wholesale sales in Indiana are Indiana retail merchants.

A person makes a wholesale sale in Indiana when such person:

- (1) Sells tangible personal property, other than capital assets or depreciable property, to a person who purchases the property for the purpose of reselling it without changing its form;
- (2) Sells tangible personal property to a person who purchases the property for direct consumption as a material in the direct production of other tangible personal property produced by the person in his business of manufacturing, processing, refining, repairing, mining, agriculture, or horticulture;
- (3) Sells tangible personal property to a person who purchases the property for incorporation as a material or integral part of tangible personal property produced by the person in his business of manufacturing, assembling, constructing, refining, or processing;
- (4) Sells drugs, medical or dental preparations, or other similar materials to a person who purchases the materials for direct consumption in professional use by a physician, a hospital, an embalmer, a funeral director, or a hair salon;
- (5) Sells tangible personal property to a person who purchases the property for direct consumption in his business of industrial cleaning; or
- (6) Sells tangible personal property to a person who purchases the property for direct consumption in the person's business in the direct rendering of public utility service.

A person does not make a wholesale sale in Indiana when such a person:

- (1) Acquires tangible personal property owned by another person;
- (2) Provides industrial processing or servicing, including enameling or plating, on the property; and
- (3) Transfers the property back to the owner to be sold by that owner either in the same form or as a part of other tangible personal property produced by that owner in his business of manufacturing, assembling, constructing, refining, or processing.

II. REGISTRATION

A person engaged in making wholesale sales in Indiana must register as an Indiana retail merchant by filing Form BT-1 with the Indiana Department of Revenue and submitting the application fee of \$25.00. Form BT-1 is available online at <http://www.in.gov/dor/3731.htm>. If the application is approved, the Department will issue the person a Registered Retail Merchant Certificate (RRMC). The RRMC is valid for two years and updates automatically with no additional charge for renewal unless a business fails to file required returns and/or remit payment of sales, use, or withholding tax liabilities, in which case the RRMC will expire.

III. EXEMPTION CERTIFICATES

A. Purchases by Wholesalers

A person who is engaged in making wholesale sales in Indiana and is registered as an Indiana retail merchant may issue an exemption certificate in lieu of paying Indiana sales tax upon purchases of tangible personal property, provided such purchases are exempt under Indiana law. For example, a wholesaler may issue an exemption certificate for tangible personal property purchased for resale.

B. Sales by Wholesalers

A person engaged in making wholesale sales in Indiana may accept a properly executed exemption certificate from a customer in lieu of collecting sales tax, provided the purchase is exempt under Indiana law.

John Eckart
Commissioner

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